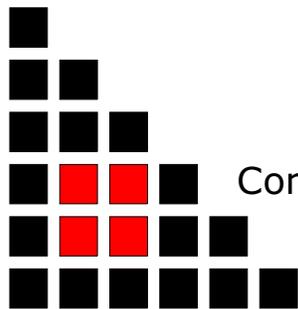


Swift County Housing Study

Kerkhoven

An Analysis of Housing Needs
in the Cities of Swift County

January 2015



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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. Both the U.S. Census Bureau and the Minnesota State Demographer's Office have released basic demographic estimates for the year 2013. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For more detailed demographic variables, the 2010 Census is viewed as the most reliable data source. While the last Census is an accurate benchmark for demographic data, it was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households.

The American Community Survey does provide detailed demographic characteristics. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For the City of Kerkhoven and Swift County, the 2013 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2009 and 2013.

One final data source that was reviewed for Swift County was ESRI, Inc., a private data reporting service. ESRI estimates were available for 2014, with projections to 2019. Because most of the cities in Swift County are relatively small, only county-level projections were obtained from ESRI.

In addition to demographic data for Kerkhoven, we have provided information for all of Swift County to place the City into a larger regional context.

Population Data and Trends

Both the Minnesota State Demographer and the U.S. Census Bureau have released population estimates for the year 2013. The following table includes the 2013 estimates from the State Demographer. The 2013 Census Bureau estimates are contained in the text that follows.

Table 1 Population Trends - 1990 to 2013						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimate
Kerkhoven	732	759	3.7%	759	0%	744
Swift County	10,724	11,956	11.5%	9,783	-18.2%	9,551

Source: U.S. Census Bureau; MN State Demographer

According to the 2010 Census, Kerkhoven had a stable population between 2000 and 2010. The City had added 27 residents in the 1990s, but after 2000, these patterns changed. Although the City did add some households, there was no increase in the number of residents.

After 2010, both the Census Bureau and the State Demographer show some population loss occurring in Kerkhoven. According to the State Demographer, the City lost 15 people between 2010 and 2013. According to the Census Bureau's 2013 population estimate, the City lost 22 people during that time.

Population trends for all of Swift County have shown much greater swings, but this is primarily the result of the addition and then subtraction of group quarter's residents living in correctional facilities. In the year 1990, before a prison was opened in the City of Appleton, Swift County had 212 group quarter's residents countywide. By the year 2000, the County's group quarter's population had increased to 1,538 people. By 2010, when the prison was no longer operational, the County group quarter's total had dropped to 150 people.

If all group quarter's residents are removed, the permanent resident population living in independent households has gone from 10,512 people in 1990, to 10,418 people in 2000, to 9,633 people in 2010. Over the 20-year time period, the County's population living in households has decreased by 879 people, or 8.4%.

The 2013 estimate from the State Demographer shows the countywide population has continued to grow smaller, with 9,399 people in households and 152 people living in group quarter's.

The 2013 estimate from the Census Bureau shows the County losing 237 residents between 2010 and 2013. This includes group quarter's residents, which are not specifically identified in the Census Bureau's annual estimates.

The Census Bureau does define other components of population change. For Swift County, the population loss since 2010 is largely attributed to domestic out-migration, as more people moved out of the County than moved in so far this decade. There was relative stability in other factors, as the number of births in the County was nearly identical to the number of deaths.

ESRI Estimates

ESRI, a private data reporting service, has generated population estimates for 2014. For Swift County, the ESRI estimate shows 9,505 people in 2014. This estimate is generally similar to the 2013 estimates from the State Demographer and the Census Bureau, when allowing for the one year difference in the effective dates. Consistent with these other estimates, ESRI also believes that Swift County's population has continued to decrease after 2010.

Population by Race and Ethnicity

Kerkhoven's population is primarily White and non-Hispanic/Latino, according to the 2010 Census. At the time of the 2010 Census, more than 97% of the City's residents identified themselves as White for race. However, more than 12% of City residents identified themselves as Hispanic/Latino for ethnicity. The Hispanic/Latino population had represented less than 5% of the City total at the time of the 2000 Census.

Group Quarter's Population

Kerkhoven had no residents living in group quarter's at the time of the 2010 Census.

Population by Age Trends: 2000 to 2010

The demographic information from the 2010 Census allows for some analysis of the area's changing age patterns. The following table compares population by age in 2000 and 2010, along with the numeric changes. Age changes are examined for the City of Kerkhoven only. Population data for all of Swift County would be directly impacted by the large prison population that existed in the City of Appleton in 2000, but was not present in 2010. To adjust for this group quarter's total, the Swift County columns reflect all jurisdictions in the County excluding Appleton.

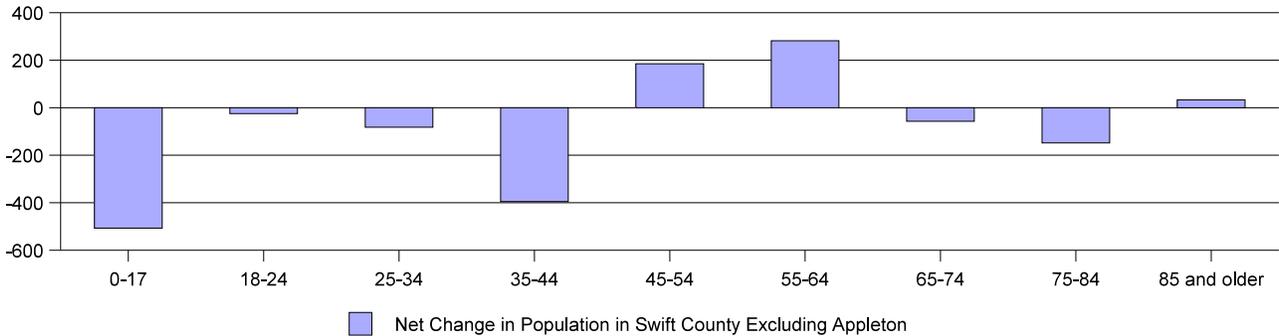
Table 2 Population by Age - 2000 to 2010						
Age	Kerkhoven			Swift County (Minus Appleton*)		
	2000	2010	Change	2000	2010	Change
0-17	207	197	-10	2,407	1,900	-507
18-24	53	66	+13	608	583	-25
25-34	82	76	-6	960	878	-82
35-44	122	84	-38	1,348	953	-395
45-54	81	121	+40	1,167	1,352	+185
55-64	57	80	+23	845	1,127	+282
65-74	68	53	-15	770	713	-57
75-84	64	52	-12	713	565	-148
85+	25	30	+5	267	300	+33
Total	759	759	0	9,085	8,371	-714

Source: U.S. Census

* At the time of the 2000 Census there were more than 1,300 group quarter's residents in a correctional facility in Appleton. Age distribution patterns would be directly impacted by this prison population, and Appleton has been removed from the table.

For many years, demographic analysts have been talking about the impact that is occurring as the large "baby boom" generation moves through the aging cycle. This trend has been very evident in Kerkhoven and Swift County. By the year 2010, nearly all of the baby boomers were in the age ranges between 45 and 64 years old. These age ranges increased in size in the previous decade.

Population Change by Age Between 2000 and 2010

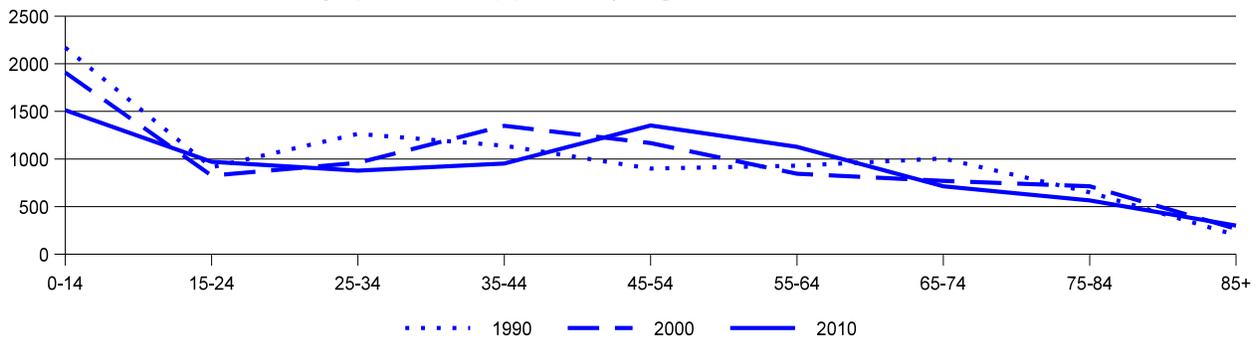


Due to both the advancing baby boomers and a reduced number of children, there was an overall reduction in the population in the younger age groups. From 2000 to 2010, there was a net reduction of more than 40 people age 44 and younger in the City of Kerkhoven. In Swift County (minus Appleton), the reduction in the younger population groups was even larger, with a net decrease of more than 1,000 people age 44 and younger.

Age progression patterns for Kerkhoven were generally similar to those in Swift County. Some of the most noticeable differences were in the youngest age ranges. Kerkhoven had a relatively stable number of people age 24 and younger, while the County had a large reduction in these younger ranges. Kerkhoven’s population of Hispanic/Latino residents more than doubled, which may have contributed to greater stability in the younger age groups.

The aging trends present in Swift County can be traced back over the previous decades to see the movement of the baby boom generation. One notable trend that is evident in Swift County is the ‘wave’ created by the baby boom age ranges with each successive decade.

Swift County (Minus Appleton) Age Distribution: 1990 to 2010



Population Projections

The following table presents population projections using different sources. The first set of projections has been generated by Community Partners Research, Inc., using short-term trends in population change, and calculating these trends forward. The second projection is based on data from the Minnesota State Demographer's Office, which has generated population projections for individual jurisdictions and counties in the State. Projections are provided to the year 2020.

The State Demographer's Office has actually generated two sets of county-level projections following the release of the 2010 Census. In the opinion of Community Partners Research, the first projection release better reflects the growth patterns made evident in the 2010 Census. However, original projections were then replaced to reconcile individual counties with statewide patterns. These are less reliable for rural counties. As a result, the original projections for Swift County are included in the table below.

Table 3 Population Projections Through 2020					
	2010 Census	Community Partners Research Projection		State Demographer Projection	
		2020	Change from 2010	2020	Change from 2010
Kerkhoven	759	736	-23	728	-31
Swift County	9,783	9,050	-733	9,359	-424

Source: U.S. Census; Community Partners Research, Inc.; MN State Demographer

The Community Partners Research projection expects moderate population losses to continue for Kerkhoven through the year 2020. Since this projection is based on past trends, it continues the pattern that has been evident in recent years, as the City has not been adding population since the 1990s. It is important to note that this expected population reduction is largely caused by fewer people per household, rather than a decreasing number of households.

The projection produced by the State Demographer's Office is very similar for Kerkhoven. If used to form a probable range, the projected annual loss for the City of Kerkhoven from 2010 to 2020 would be approximately two to three people in an average year.

There is slightly greater variation for all of Swift County. The Demographer's projection would expect an average annual loss of approximately 42 people per year countywide, while the Community Partners Research forecast would expect an average loss of approximately 73 people per year.

ESRI Projections

Community Partners Research also reviewed projections obtained from ESRI. ESRI's population projections are for a 5-year time period between 2014 and 2019, a slightly different increment than the other projections provided. However, the annual average change can be compared to other sources.

For all of Swift County, ESRI projects a loss of 235 people over the five-year period, or an annual average loss of 47 people per year, generally similar to the incremental loss of population as projected by the State Demographer's Office.

Household Data and Trends

The Minnesota State Demographer's Office has released 2013 household estimates for individual jurisdictions, which are displayed in the following table, along with totals from previous decennial Censuses.

Table 4 Household Trends - 1990 to 2013						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimate
Kerkhoven	299	313	4.7%	329	5.1%	326
Swift Co.	4,268	4,353	2.0%	4,236	-2.7%	4,191

Source: U.S. Census; MN State Demographer

According to the 2010 Census, Kerkhoven added 16 households between 2000 and 2010. This represented a household growth of 5.1% for the decade. The City experienced no population growth, despite adding households, as an aging population and fewer children resulted in a smaller average household size.

The City has sustained some household growth over recent decades, adding 14 households in the 1990s, followed by 16 households in the 2000s. However, the most recent estimate from the State Demographer's Office shows that this pattern may have reversed, as the City may have lost three households from 2010 to 2013. In recent years there has been no new housing construction activity so any household growth would generally be dependent on the availability of formerly vacant housing.

All of Swift County has experienced a somewhat similar pattern of change. However, after adding households in the 1990s, the County had a net loss of households from 2000 to 2010, despite the minor growth in Kerkhoven. After 2010, household losses have continued countywide, according to the most recent estimate. Based on this estimate, the County has been losing 15 households in an average year, including the loss of approximately one per year in Kerkhoven.

Although the prison population in Appleton skewed the 2000 Census numbers, it did not directly impact households, as prisoners were counted as group quarter's residents, and not part of resident households.

The ESRI demographic reports also contained household estimates to the year 2014. For all of Swift County, the ESRI estimate is 4,162 households, very similar to the Demographer's estimate if a one year time adjustment is applied.

Household by Age Trends: 2000 to 2010

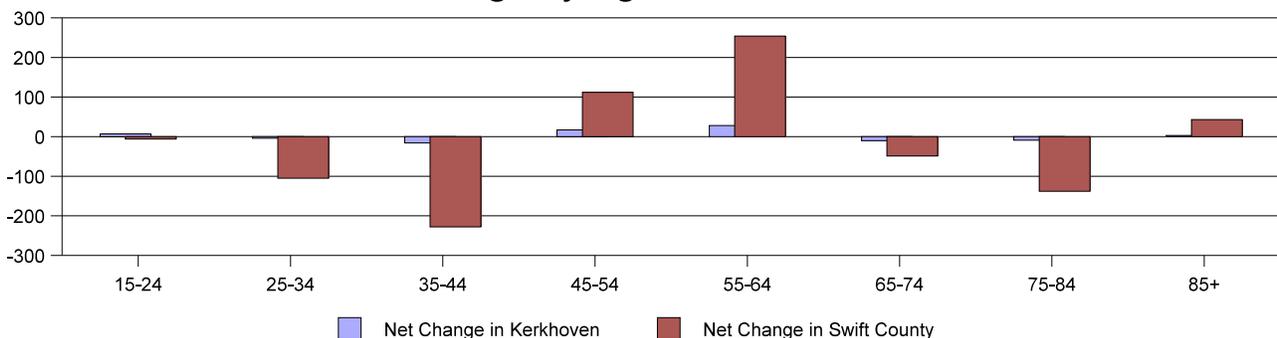
The 2010 Census allows for some analysis of the area’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Kerkhoven			Swift County		
	2000	2010	Change	2000	2010	Change
15-24	14	21	+7	174	168	-6
25-34	46	42	-4	585	480	-105
35-44	66	50	-16	818	590	-228
45-54	49	66	+17	761	873	+112
55-64	27	55	+28	546	800	+254
65-74	40	30	-10	588	539	-49
75-84	48	39	-9	629	491	-138
85+	23	26	+3	252	295	+43
Total	313	329	+16	4,353	4,236	-117

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For Kerkhoven, the largest net growth in households occurred in the 10-year age group between 55 and 64 years old. For all of Swift County the 20-year range between 45 and 64 experienced strong net household growth.

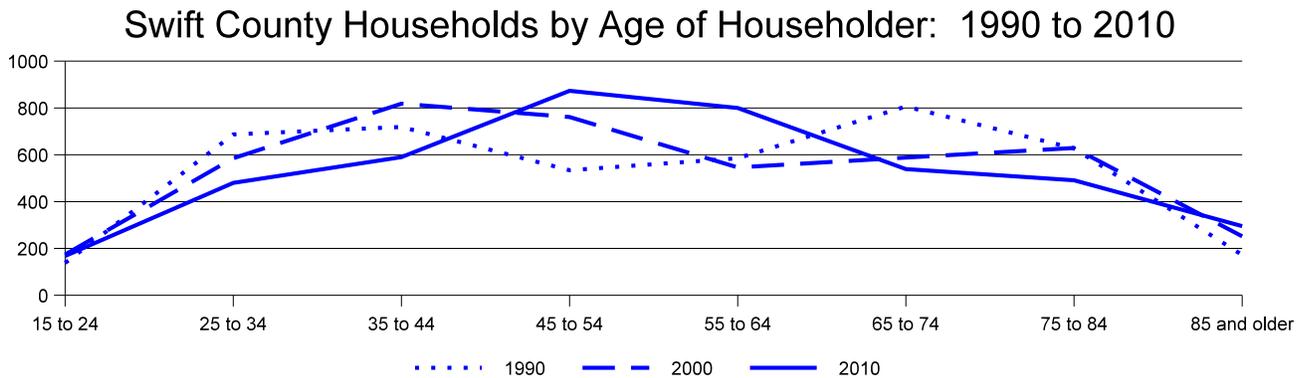
Household Change by Age Between 2000 and 2010



Nearly all of the net gain in households in Kerkhoven during the last decade can be attributed to the increase in households age 45 and older. At the same time, the number of younger adult households, age 44 and younger, decreased over the decade. The only younger group that increased in size was the 24 year old and under group, which added only seven households. For all younger groups combined, there was a net decrease of 13 households age 44 and younger in Kerkhoven.

Countywide patterns were generally similar. Overall, Swift County had a net increase of more than 220 households age 45 and older, but a net decrease of nearly 340 households age 44 and younger. Countywide growth was also strong in the 55 to 64 year old group, as the leading edge of the baby boom generation increased substantially in numbers in Swift County.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past three decennial censuses using information for households by the age of householder.



The trend that is once again evident in this chart is the movement of households in the prime baby boom age groups through the aging cycle.

It is also evident that the County had fewer senior-headed households in 2010 than in the past. A very large number of younger senior households, in the 10-year age range between 65 and 74 years old, had been present in 1990, However, over the succeeding decades, this group has decreased in size.

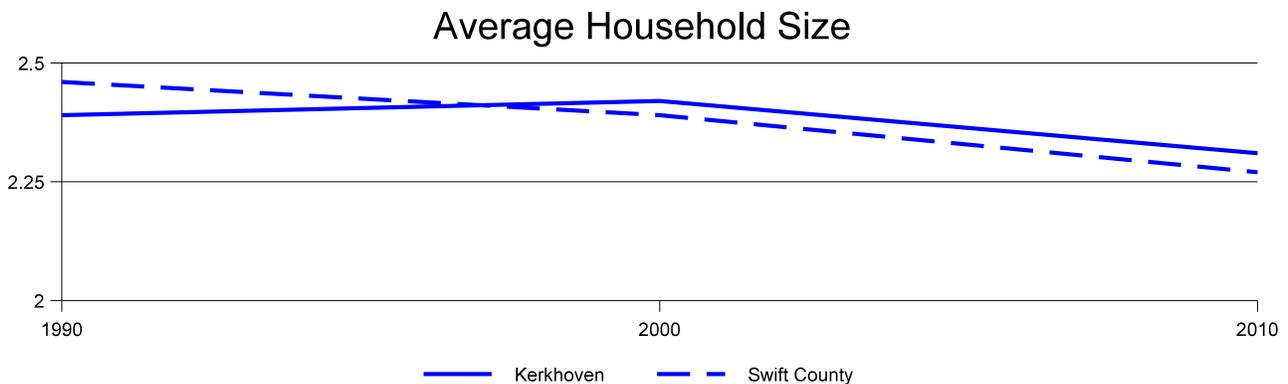
Average Household Size

The following table provides decennial Census information on average household size. Estimates from the State Demographer for 2013 are also included.

Table 6 Average Number of Persons Per Household 1980 to 2013				
	1990 Census	2000 Census	2010 Census	2013 Estimate
Kerkhoven	2.39	2.42	2.31	2.28
Swift County	2.46	2.39	2.27	2.24

Source: U.S. Census; MN State Demographer

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.



In the 1990s, the average household size in Kerkhoven actually grew larger. However, this trend reversed after 2000, and the average household size in the City has been growing smaller since that time. The City’s average household size is slightly larger than the Countywide average in 2013, based on the State Demographer’s most recent estimates.

Household Projections

The following table presents household projections using different sources. As with population projections, Community Partners Research, Inc., has generated projections to the year 2020, by examining recent patterns and trends to predict future changes.

The State Demographer's Office had previously issued household projections at the county level, although these may have since been withdrawn, as they no longer match their most recent population forecasts. The Demographer's original county level household projections are presented. At the city level, it is possible to extrapolate household forecasts from the population projections provided earlier in this section. In converting population to households, it is assumed that group quarter's populations will remain largely unchanged, and that the average household size will gradually decrease in size.

Table 7 Household Projections Through 2020					
	2010 Census	Community Partners Research		State Demographer	
		2020 Projection	Change from 2010	2020 Projection	Change from 2010
Kerkhoven	329	335	+6	325	-4
Swift County	4,236	4,110	-136	4,072	-164

Source: State Demographer; Community Partners Research, Inc.

After examining past growth trends, along with the aging patterns for area residents, the projections created by Community Partners Research expect the City of Kerkhoven to add approximately one household every other year through the year 2020. The projections extrapolated from the State Demographer's population forecasts yield more pessimistic numbers, with the possible loss of approximately four households during the current decade.

County-level projections show more significant loss potential, with Community Partner's anticipating a reduction of 13 to 14 households in an average year for the remainder of the current decade. The State Demographer's projections expect an average loss of approximately 16 households per year.

ESRI has issued projections for the five-year period from 2014 to 2019. Over this span, the Swift County forecast shows an expected loss of 75 households, or 15 in an average year.

Household by Age Projections to 2019

Community Partners Research has obtained age-based household projections from ESRI. They extend to the year 2019. In the following table, ESRI's 2019 projections for Swift County have been compared to the household by age distribution that existed in the year 2010.

Table 8 Swift County Household Projections by Age - 2010 to 2020			
Age Range	2010 Census	ESRI	
		2019 Projection	Change from 2010
15-24	168	129	-39
25-34	480	478	-2
35-44	590	510	-80
45-54	873	672	-201
55-64	800	850	+50
65-74	539	727	+188
75+	786	721	-65
Total	4,236	4,087	-149

Source: U.S. Census; ESRI: Community Partners Research, Inc.

* ESRI combines all households age 75 and older into a single projection

ESRI expects that Swift County will see continued growth among older adult households, but even greater losses in the younger ranges, resulting in a reduction in the total number of households by the year 2019. Overall, these projections expect a net reduction of more than 320 households in the age ranges 54 and younger. While the number of households age 55 and older should increase by more than 170 households, this growth will not be sufficient to compensate for the reduction in younger adult households.

All of the projected net growth is concentrated in a 20-year range between 55 and 74 years old. Each of the other 10-year age cohorts would be projected to decrease in size over the decade. The largest reduction should occur within the 45 to 54 year old group, as the advancing "baby boomers" are not replaced by the "baby bust" generation that followed.

It is important to note that these projections are based on the past age distribution and retention patterns. It is possible that an increase in in-migration of new residents could alter the traditional age distributions.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the Greater Kerkhoven area.

Table 9 Kerkhoven Household Composition: 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with related children	77	68	-9
Single Parent with related children	23	33	+10
Married Couple without related children	100	95	-5
Family Householder without spouse	11	10	-1
Total Families	211	206	-5
Non-Family Households			
Single Person	94	114	+20
Two or more persons	8	9	+1
Total Non-Families	102	123	+21

Source: U.S. Census

Between 2000 and 2010, the City of Kerkhoven experienced a decrease in the number of families but an increase in the number of non-family households. The household type with the largest numeric change was people living alone, a group that decreased by 20 households. Among family households, the only type to increase in number was single parent households with children, which added 10 households.

These household patterns are generally consistent with the aging patterns presented earlier, which showed more empty-nester and senior residents, along with fewer younger adult households.

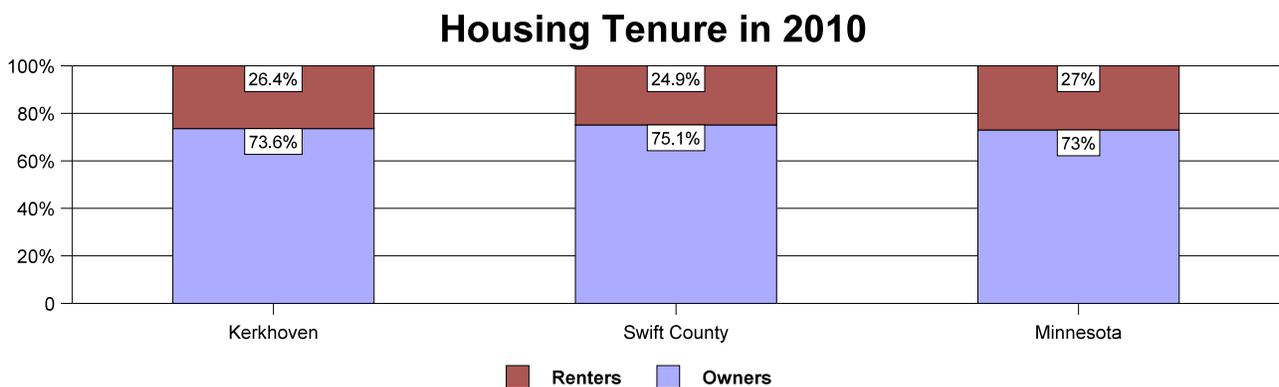
Housing Tenure

The 2010 Census provided an accurate look at housing tenure patterns. The following tables examine number and percentage of owner and renter households, along with the changes that have occurred since 2000.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
City of Kerkhoven	242	73.6%	87	26.4%
Swift County	3,182	75.1%	1,054	24.9%
State	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Kerkhoven was 73.6%, with the remaining 26.4% of households renting their unit. For all of Swift County, the home ownership rate was high, at 75.1%, and above the Statewide rate of 73% home owners in 2010.



Tenure rates in 2010 can be compared to 2000 to determine the most recent trends in household preference for ownership versus rental housing.

Table 11 Households by Housing Tenure - 2000 to 2010

Tenure	Kerkhoven			Swift County		
	2000	2010	Change	2000	2010	Change
Owners	248	242	-6	3,353	3,182	-171
Renters	65	87	+22	1,000	1,054	+54
Total	313	329	+16	4,353	4,236	-117

Source: U.S. Census

The home ownership tenure rate for Kerkhoven decreased over the last decade, from 79.2% owners in 2000 to 73.6% in 2010. Swift County's tenure patterns moved in a similar direction, although the vast majority of households still owned their unit. In 2000, the Swift County home ownership tenure rate was at 77%. By 2010, it had decreased to 75.1%.

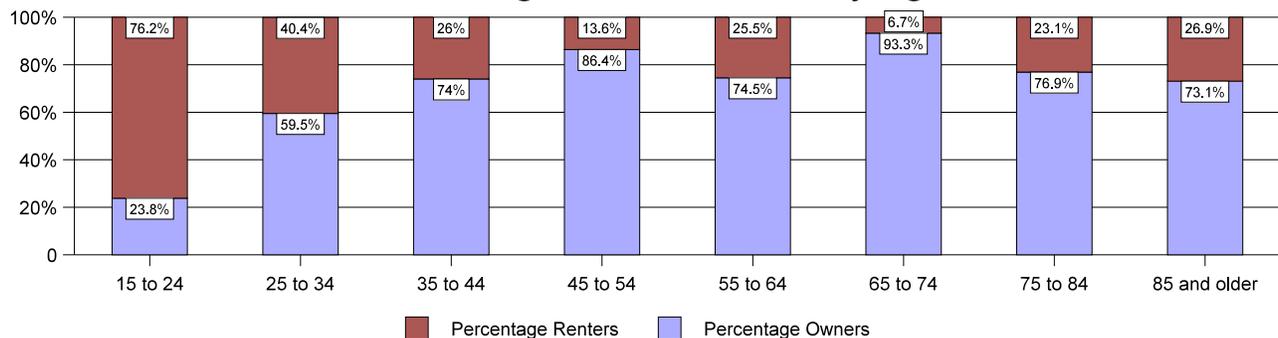
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within defined age ranges. The following table examines renters and owners in each age group in Kerkhoven area.

Table 12 Kerkhoven Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	5	23.8%	16	76.2%
25-34	25	59.5%	17	40.4%
35-44	37	74.0%	13	26.0%
45-54	57	86.4%	9	13.6%
55-64	41	74.5%	14	25.5%
65-74	28	93.3%	2	6.7%
75-84	30	76.9%	9	23.1%
85+	19	73.1%	7	26.9%
Total	242	73.6%	87	26.4%

Source: U.S. Census

Kerkhoven Housing Tenure Patterns by Age in 2010



Within the defined age ranges, households at the lowest end of the age spectrum showed a greater frequency in renting their housing unit, while middle-aged adult households were primarily home owners. However, rental rates were low for many of the older age groups, with fewer than 7% of seniors age 65 to 74 living in rental housing.

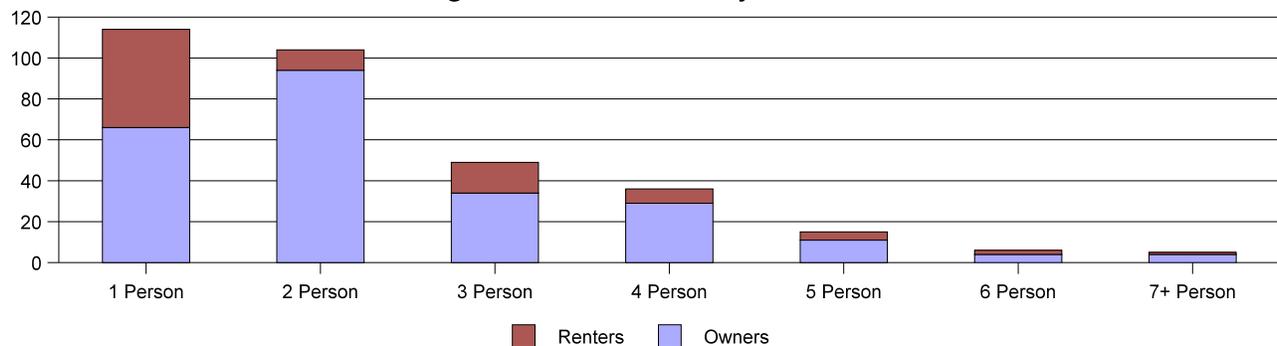
Tenure by Household Size

The 2010 Census also provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs.

Table 13 Kerkhoven Tenure by Household Size: 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	53	66	+13	41	48	+7
2-Person	97	94	-3	11	10	-1
3-Person	37	34	-3	3	15	+12
4-Person	36	29	-7	6	7	+1
5-Person	14	11	-3	4	4	0
6-Person	7	4	-3	0	2	+2
7-Persons+	4	4	0	0	1	+1
Total	248	242	-6	65	87	+22

Source: U.S. Census

Kerkhoven Housing Tenure Patterns by Household Size in 2010



Over the past decade, there was growth in the number of renter households of most household sizes. Most of the renter growth was due to households with three or more household members, although the number of renter household with one household member also increased. Among home owners, the decrease was due to fewer households with two or more members, consistent with a decline in the number of married couples with children. There was growth among owner households with only one person.

2013 Median Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city, township and county level through the 2013 American Community Survey.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2000 to 2013			
	2000 Median	2013 Median	% Change
Households			
Kerkhoven	\$32,375	\$41,705	28.8%
Swift County	\$34,820	\$48,026	37.9%
Minnesota	\$47,111	\$59,836	27.0%
Families			
Kerkhoven	\$40,179	\$51,771	28.9%
Swift County	\$44,208	\$64,250	45.3%
Minnesota	\$56,874	\$74,683	31.3%

Source: U.S. Census; 2013 ACS 5-year survey

Income information contained in the 2013 American Community Survey shows household income growth within Kerkhoven as the City's median household income level increased by nearly 29%. However, in 2013, the City's median household income was still more than \$18,000 lower than the Minnesota median, and more than \$6,000 below the Swift County median. Between 2000 and 2010, Kerkhoven lost home owners and gained renters. Renter households tend to have lower income levels which appeared to impact the City medians.

Family household incomes tend to be higher than the overall household median, as families have at least two household members. While the median family income in Kerkhoven was higher than the median household income, it was also well below the comparable Statewide and Swift County medians for families.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Kerkhoven could afford approximately \$1,045 per month for ownership or rental housing in 2013. A family at the median income level for the City could afford approximately \$1,295 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2013, the median income level for owner households in Kerkhoven was \$48,750. The estimated median household income for renters in 2013 was only \$15,000. At 30% of income, a median income renter in the City could apply approximately \$375 to gross rent without experiencing a housing cost burden.

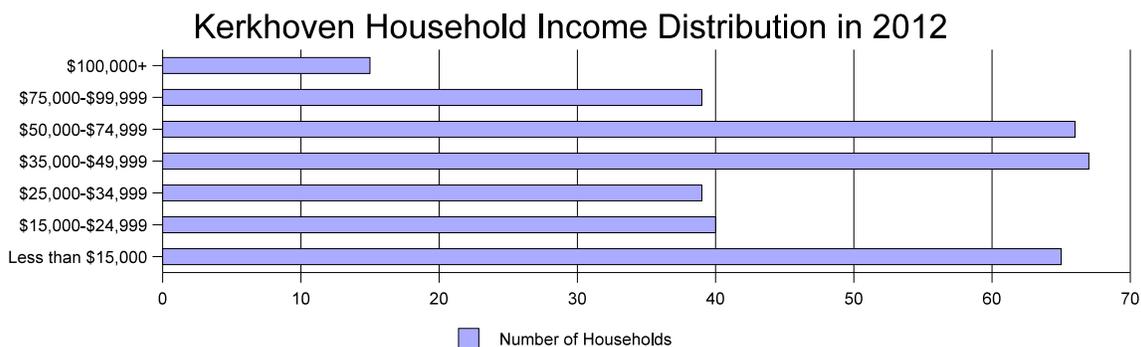
Household Income Distribution

The 2013 American Community Survey household income estimates for Kerkhoven can be compared to the same distribution information from the 2000 Census to examine changes that have occurred over the previous 12-year period.

It does appear that the American Community Survey has a reasonably similar estimate of the total number of households in Kerkhoven in its 2013 data. Based on the State Demographer’s estimates, there may have been approximately five fewer households, a difference of less than 2%.

Table 15 Household Income Distribution - 2000 to 2013			
Household Income	Number of Households 2000	Number of Households 2013	Numeric Change 2000 to 2013
\$0 - \$14,999	61	65	+4
\$15,000 - \$24,999	52	40	-12
\$25,000 - \$34,999	55	39	-16
\$35,000 - \$49,999	52	67	+15
\$50,000 - \$74,999	77	66	-11
\$75,000 - \$99,999	9	39	+30
\$100,000+	12	15	+3
Total	318	331	+13

Source: 2013 ACS; 2000 Census



According to income estimates contained in the 2013 American Community Survey, income levels have generally improved for many households in Kerkhoven. In the year 2000 there were 168 households in Kerkhoven with an annual income below \$35,000. By the year 2013, there were 144 households in these low to moderate income ranges.

There was also some growth in the number of households with an annual income of \$75,000 or more. In 2000 there were 21 households in these moderate to higher income ranges, compared to 54 households in 2013.

It is also important to recognize that the improvement in household incomes was impacted by the rate of inflation. During this same time period, the Consumer Price Index increased by more than 29%. For many households, the rate of inflation exceeded growth in their household income level over the time period reviewed.

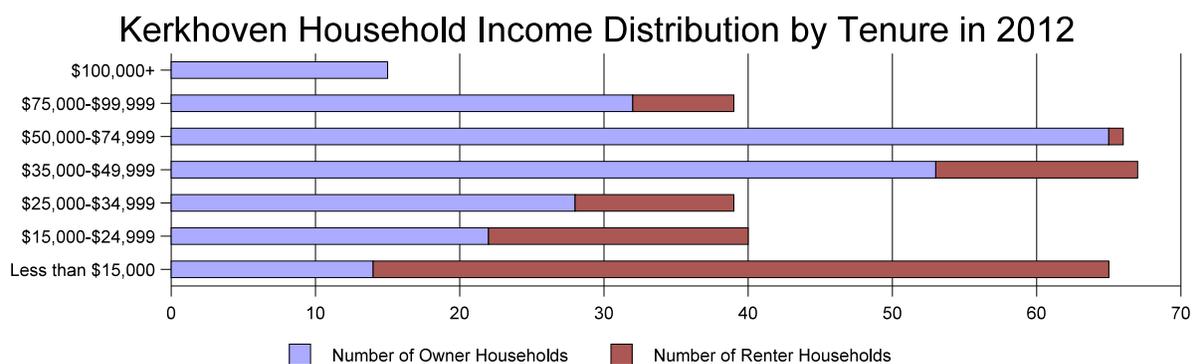
Income Distribution by Housing Tenure

The 2013 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution in Kerkhoven.

As stated previously, the American Community Survey is an estimate, based on limited sampling data. While the overall household estimate for Kerkhoven appears to be relatively accurate, the estimate was probably too low for owner-occupants, and too high for renter households, when compared to the 2010 Census. However, some of the tenure difference may be due to the three-year time difference between the sources of data.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	14	51	65
\$15,000 - \$24,999	22	18	40
\$25,000 - \$34,999	28	11	39
\$35,000 - \$49,999	53	14	67
\$50,000 - \$74,999	65	1	66
\$75,000 - \$99,999	32	7	39
\$100,000+	15	0	15
Total	229	102	331

Source: 2013 American Community Survey



Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2013, more than 78% of renter households in Kerkhoven had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all Kerkhoven renter households was only \$15,000 in 2013.

Conversely, most owner households had a substantially higher income level. Approximately 72% of owner households had an annual income of \$35,000 or more. The estimated median household income for Kerkhoven home owners in 2013 was \$48,750.

2013 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing. This information is only for the City of Kerkhoven.

Percent of Income for Housing	Number of Households	Percent
Less than 20%	30	29.4%
20% to 29.9%	22	21.6%
30% to 34.9%	12	11.8%
35% or more	34	33.3%
Not Computed	4	3.9%
Total	102	100%

Source: 2013 American Community Survey

According to the American Community Survey, more than 45%% of all renters in Kerkhoven were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Kerkhoven it was primarily due to low income levels for renters. All of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

2013 Estimated Income and Housing Costs - Owners

The 2013 American Community Survey includes information on housing costs for home owners. The following table examines the percentage of income required by Kerkhoven owner households for monthly housing costs.

Table 18 Kerkhoven Owner Household Cost Burden - 2013		
Percent of Income for Housing	Number of Households	Percent
Less than 20%	147	64.2%
20% to 29.9%	49	21.4%
30% or more	30	13.1%
Not Computed	3	1.3%
Total	229	100%

Source: 2013 American Community Survey

Most owner-occupants, which would include both households with and without a mortgage, reported paying less than 30% of their income for housing.

Mortgage lending practices generally attempt to keep monthly payments below this level of household income. However, nearly 13% of all home owners reported that they paid more than 30% of their income for housing costs. The large majority of home owners paying 30% or more of their income for housing had an annual income below \$50,000.

Existing Housing Data

In addition to the demographic data provided earlier, this Study has also collected information about the existing housing stock in the City of Kerkhoven. These items include:

- ▶ Housing unit construction
- ▶ Residential lots
- ▶ Home sales
- ▶ Bank-owned sales
- ▶ Home foreclosure activity
- ▶ Housing condition analysis

New Housing Construction Activity

Table 19 Kerkhoven Housing Construction Activity: 2000 to 2014				
Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Total Units
2014	0	0	0	0
2013	0	0	0	0
2012	0	0	0	0
2011	0	0	0	0
2010	0	0	0	0
2009	0	0	0	0
2008	0	0	0	0
2007	1	0	0	1
2006	1	0	0	1
2005	1	0	0	1
2004	1	0	0	1
2003	2	0	0	2
2002	3	0	0	3
2001	1	0	0	1
2000	0	0	4	4
TOTAL	10	0	4	14

Source: Census Bureau

Kerkhoven experienced very limited housing construction activity in recent decades. Over the 15-year period from 2000 through 2014 only 14 housing units have been issued a building permit. All of these units were permitted from 2000 to 2007. Since 2008, no new housing has been built in the City, according to Census Bureau reports.

The information on housing construction can be compared to the 2010 Census. Housing units that were permitted between 2000 and 2009 would probably have been available for occupancy when the 2010 Census was completed in April. In the year 2000, a publicly-owned rental four-plex was constructed. All of the other permits were issued for single family houses.

However, between 2000 and 2010, the Census recorded a reduction of six home owners in Kerkhoven, and an increase of 22 renter-occupancy households. Despite some new single family houses, Kerkhoven experienced a reduction of home owners. The growth in renter households greatly exceeded the number of new rental units that were built. This implies that some tenure conversion was also taking place, as houses previously used for owner-occupancy were changed to rental use. Some formerly vacant housing may also have been occupied after the 2000 Census.

Residential Lots and Land

No definitive information could be obtained on the supply of residential lots in Kerkhoven. A visual inspection of the City did identify vacant land parcels that appeared suitable for new home construction, even though these areas were not actively being marketed as residential subdivisions. In many cases, these vacant parcels were along developed streets on the edges of the City. Even if sewer and water service was not currently extended to these areas, it appeared to be very accessible from the adjoining street.

There was also a vacant city block in the center of the community, which possibly was the site of a removed school building or other large structure. City services should be available to this block from the four adjoining streets. Once again, there was no indication that this site was available for development, or actively being marketed.

The building permit information reviewed earlier in this Study did not show any single family home construction in Kerkhoven since 2007. The fact that no residential lots were identified as being for sale may be in response to limited demand.

Home Sales

The Swift County Assessor's Office maintains residential sales records that date back many years. For the following analysis, sales were reviewed for each County sales ratio year dating back to 2009. The County's sales ratio year starts on October 1st and ends on September 31st of the following year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The County Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In any defined year, the number of good sales that occur within the City may vary, and a 12-month sample may not always be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily looks at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The actual sale price has been examined. This would not reflect any adjustments made by the Assessor's Office for items, such as personal property or contributions toward closing costs which may have been included in the transaction.

Table 20 Values for Recent Residential Sales - Kerkhoven

Sales Year	Number of Sales	Median Price	Highest Price	Lowest Price
2014	7	\$82,500	\$235,000	\$30,000
2013	3	\$61,300	\$66,900	\$59,500
2012	4	\$73,250*	\$125,000	\$71,000
2011	5	\$55,200	\$130,000	\$38,000
2010	6	\$160,000*	\$195,000	\$84,900
2009	4	\$109,750*	\$122,000	\$42,000

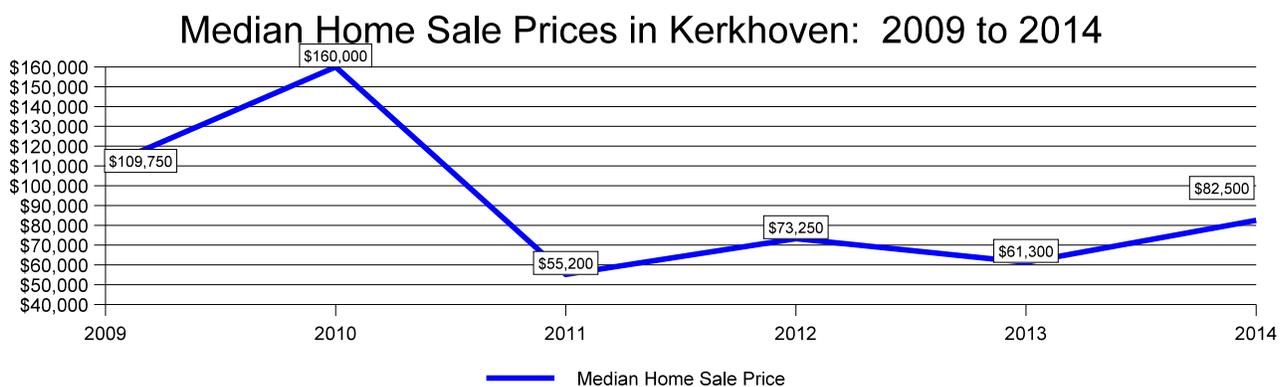
Source: Swift County Assessor; Community Partners Research, Inc.

Based on the timing of the report it is possible that some 2014 sales were not yet recorded

* Calculated median

Since the number of annual home sales has been seven or fewer in each of the years reviewed, the annual median may not be an accurate reflection of overall values. For example, in 2010 the median was at \$160,000, compared to a median of \$55,200 in the following year.

To better determine recent sales values, the analysts combined the sales activity from 2012 to 2014. While this still represented only 14 total sales, it may provide a better indicator of recent transactions. Over this three-year period, the median sale price was at \$73,250.



The table above also provided information of the highest and lowest annual sale prices. In all but one of the past six years at least one house has sold for \$120,000 or more. Over the past six years, the highest valued home sale was for \$140,000, and in 2014, one sale was recorded for \$235,000.

An alternate home value estimate is available from the 2013 American Community Survey. This source places the midpoint owner-occupied home value at \$72,000, very similar to the sales median for the three-year period from 2012 to 2014 of \$73,250.

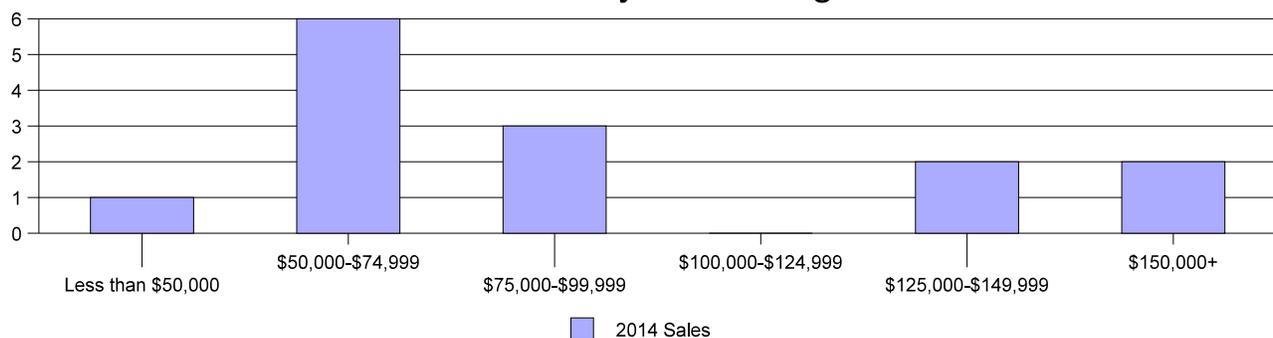
Home Sales by Price Range

The following table looks at single family houses that sold over the past 36 months, extending from October 1, 2011 to September 30, 2014. This information is from Swift County’s sales records and represents the sales ratio year. The County report was generated in early October and it is possible that some sales from September 2014 had not yet been recorded.

Table 21 Kerkhoven Home Sales by Price Range: 2012 to 2014		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	1	7.1%
\$50,000 - \$74,999	6	42.9%
\$75,000 - \$99,999	3	21.4%
\$100,000 - \$124,999	0	0%
\$125,000 - \$149,999	2	14.3%
\$150,000+	2	14.3%
Total	14	100%

Source: Swift County Assessor; Community Partners Research, Inc.

Kerkhoven Home Sales by Price Range: 2012 to 2014



A large majority of recent residential sales were priced less than \$100,000. Overall more than 71% of the existing home sales in Kerkhoven were in these moderate to lower price ranges. In the 36-month period reviewed, only two existing homes sold for more than \$150,000.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Kerkhoven and the surrounding area. In early November of 2014, there were 13 single family detached homes that were listed for sale that appeared to be within the city limits of Kerkhoven.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that may be posted for sale in Kerkhoven that would not be part of the MLS, including most homes being offered "for sale by owner". The following table examines the MLS listings by listing price.

Asking Price	Number of Listings	Percent of Listings
Less than \$50,000	2	15.4%
\$50,000 - \$74,999	3	23.1%
\$75,000 - \$99,999	3	23.1%
\$100,000 - \$124,999	1	7.7%
\$125,000 - \$149,999	2	15.4%
\$150,000 - \$174,999	1	7.7%
\$175,000+	1	7.7%
Total	13	100%

Source: Realtor.com; Community Partners Research, Inc.

Based on the listings on Realtor.com, most of the houses currently being offered for sale in Kerkhoven are priced below \$100,000. Overall, nearly 62% of the active listings are priced below \$100,000. In the recent 36-month sales period analyzed earlier, most of the existing home sales in Kerkhoven were also for less than \$100,000.

Bank-Owned Sales

The sales records from Swift County also provide some information on the reason that some sales were rejected, and viewed as “unqualified” sales. One of the identified rejection codes was for “bank sales”. These would generally reflect sales of distressed properties, where the lender had obtained ownership, such as foreclosures. When the lender then sells these houses back into private ownership, they are not viewed by the County as fair market transactions.

Over the four-year period from 2011 to 2014, only five bank sales were recorded in Kerkhoven, with no more than two in any single year. In 2014 no bank-owned home sales occurred.

The actual median transfer price for bank sales was below the median sale price for qualified sales. For the five sales, the median sale price was \$60,000 for bank-owned properties, compared to more than \$73,000 for recent fair market transactions.

Swift County Home Foreclosure Activity

Starting in 2006, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime lending, as many housing markets cooled and the national economy moved into a period of recession, the foreclosure crisis spread to broader segments of the housing market.

In response to the growth in foreclosures late in the last decade, HousingLink and the Greater Minnesota Housing Fund began tracking mortgage foreclosure activity across the State. They have produced annual foreclosure reports since 2007. Their reports provide details on foreclosure activity at the County level dating back to 2005, as well as a comparison with other Counties in the State.

In addition to collecting information on the number of foreclosures, based on Sheriff's Sale data, HousingLink has also attempted to calculate a rate of foreclosure, by comparing the annual total to the number of residential parcels in each County. While this rate calculation does not yield a perfect number, it does allow for a standardized comparison measure among all of the Counties in the State. The following table presents the actual number of foreclosures, followed by the calculated rate of foreclosure, as calculated by HousingLink.

Table 23 Swift County Home Foreclosures - 2005 to 2013									
Foreclosures	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number	10	16	27	21	24	31	17	23	10
Rate	0.22%	0.35%	0.60%	0.46%	0.53%	0.68%	0.38%	0.51%	0.22%

Source: HousingLink; Community Partners Research

Based on the HousingLink data, Swift County did experience a significant increase in the number of home foreclosures, especially between 2005 and 2010, when the number more than tripled. However, after reaching a peak in 2010, the annual number of foreclosures has been declining, and the total for 2013 was equal to the level in 2005.

HousingLink also attempts to put the rate of foreclosure in perspective, by comparing the number of foreclosures to the total number of residential parcels in the County. The foreclosure rate in Swift County has remained relatively low over this time period.

For comparative purposes, Swift County ranked 76th for the rate of foreclosure among Minnesota's 87 Counties in 2013 (1st being the highest foreclosure rate).

Housing Condition Survey

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the older existing single family housing stock in Kerkhoven. Houses that appeared to contain more than one residential unit and single-wide mobile homes were excluded from the survey.

Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated based on a visual observation of the physical condition of the exterior of each structure, which is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used and indicates that major renovation is needed to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are generally economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 24 Windshield Survey Condition Estimate - 2014					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
South Kerkhoven	47 / 68.1%	15 / 21.7%	5 / 7.2%	2 / 2.9%	69
North Kerkhoven	90 / 41.9%	95 / 44.2%	29 / 13.5%	1 / 4.7%	215
Total	137 / 48.2%	110 / 38.7%	34 / 12.0%	3 / 1.1%	284

Source: Community Partners Research, Inc.

The large majority of the houses in Kerkhoven were rated within one of the top two condition categories. Citywide, more than 48% of the houses received the highest condition rating. However, approximately 13% of the houses need more significant repair. There were three houses that were rated in very poor condition, which may be suitable for demolition and clearance.

Mobile Home Condition Survey

Community Partners Research, Inc. representatives also conducted a visual 'windshield' survey of the mobile home units in Kerkhoven. Mobile homes were also categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated based on a visual observation of the physical condition of the exterior of each structure, which is assumed to be a reasonable indicator of the structure's interior quality.

Table 25 Mobile Home Windshield Survey Condition Estimate - 2014					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
South Kerkhoven	0 / 0%	5 / 35.7%	6 / 42.9%	3 / 21.4%	14
North Kerkhoven	2 / 25%	3 / 37.5%	3 / 37.5%	0 / 0%	8
Total	2 / 9.1%	8 / 36.4%	9 / 40.9%	3 / 13.6%	22

Source: Community Partners Research, Inc.

Mobile homes represent approximately 7% of all single family housing options in Kerkhoven. Citywide, more than 54% of the mobile homes were rated in one of the two lowest condition categories. Given the limited value for most older mobile home units, it may not be financially feasible to renovate a mobile home needing major repair.

Only two mobile homes in Kerkhoven were rated as sound, showing no exterior repair issues.

Rental Housing Inventory

Total Unit Inventory - Census Bureau

According to the 2010 U.S. Census, there were 87 occupied rental units and at least five unoccupied rental units in Kerkhoven, for a total estimated rental inventory of 92 units. The City's rental tenure rate was at 26.4%, based on renter-occupancy households, very similar to the Statewide rate in 2010 of 27% rental.

At the time of the 2000 Census, the City had 65 occupied rental housing units and at least four vacant rental units, for an estimated inventory of 69 units. The City's rental tenure rate was at 20.8% in 2000.

Between 2000 and 2010, the City added 22 renter-occupancy households, and 23 rental housing units. Overall, the City had a reduction of six owner-occupancy households while adding 22 renter-occupancy households during the decade.

After the 2000 Census was conducted, a rental four-plex was built by the City's EDA. This is the only new construction rental project that can be identified during the decade. The remaining net growth in rental housing probably resulted from some unit conversion, as houses that had previously been used for owner-occupants switched to rental use.

Since 2010, it is possible that there have been some further changes in the tenure mix within the existing housing stock, but no new units have been constructed, based on building permit reports.

Multifamily Rental Housing Survey

There are five multifamily rental properties identified in Kerkhoven. Three of these were successfully contacted, including both of the subsidized developments.

Market Rate Summary

The newest market rate project in Kerkhoven was constructed by the City EDA in the early 1980s. The units are town house-style with an attached garage. While this project is publicly-owned in 2014, it is listed for sale.

All of the units have two bedrooms and one bathroom. The monthly contract rent is \$490, with tenants paying all utilities. Even with utilities, gross rent levels would be estimated in a range between \$650 and \$700 per month.

The project has been very successful, and very limited turnover tends to occur. According to city staff, it can sometimes be multiple years between unit turnover.

There are other multifamily market rate projects in Kerkhoven, including two older four-plexes, but attempts to contact these properties were unsuccessful.

Most of the conventional market rate rental housing in Kerkhoven exists in single family houses that are used for renter-occupancy.

Subsidized Summary

There are two subsidized projects in Kerkhoven, both through USDA Rural Development. Both of these projects are designated for general occupancy. Combined there are 36 units, with four one-bedrooms and 32 two-bedrooms.

Only 13 of the subsidized units have access to project-based rent assistance, which allows tenants to pay rent based on 30% of income. In the units without rent assistance, a basic rent level applies, and lower income tenants pay 30% of their income, but not less than the basic rent amount. A maximum rent also exists for the units.

In many small communities, it can be difficult to fill all of the units without rent assistance. This does not appear to be the case in Kerkhoven, as only one unit was vacant at the time of the rental survey. According to the manager of Kerkhoven Housing, many of the tenants are employees of the local dairy operations, which refers employees to the project. While these workers are income-eligible, their income is sufficiently high to pay the basic rent level, and they do not need access to the project-based rent assistance.

Neither of the subsidized projects in Kerkhoven is listed on the opt-out log maintained by the Minnesota Housing Finance Agency, and they are not at near-term risk of leaving their subsidy program.

Table 26 Kerkhoven Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
EDA Four-Plex 320-264-2581	<u>4 - 2 Bedroom</u> 4 Total Units	\$490 +utilities	No vacant units	Mix of tenants	Publicly-owned four-plex constructed by the City EDA in the early 2000s. Units are town house style with attached garage. Tenants pay all utilities (LP) in addition to rent. Amenities include refrigerator, stove, dishwasher, disposal and in-unit laundry hookup. Units have 1153 sq ft of living space plus 300 sq ft attached garage; all units have 1 bathroom. Mix of tenants with families, singles and seniors. Low turnover, with years between available units. City does have project listed for sale.
Clinic 4-Plex	<u>4 - 1 Bedroom</u> 4 Total Units	N/A	N/A	N/A	Unable to contact in 2014 survey - information presented is from prior survey. Rent includes heat.
9 th Street 4-Plex	<u>4 - 2 Bedroom</u> 4 Total Units	N/A	N/A	N/A	Unable to contact in 2014 survey - information presented is from prior survey. Rent includes heat.

Table 26 Kerkhoven Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Gra-Mar Courts 402 S 8 th St 320-264-5331	4 - 1 Bedroom <u>12 - 2 Bedroom</u> 16 Total Units	\$325-\$425 \$350-\$450 30% of income	No vacant units, waiting list	General occupancy	Rural Development subsidized apartments in 2-level walkup buildings constructed in 1977. Eight tenants receive rent assistance, remainder pay 30% of income but not less than basic or more than market rent listed. Waiting list is maintained, but advertising also done when vacancies occur - draw area is not large although some Willmar commuters live in project. Owner reports full occupancy at time of survey, but vacancies can exist if high turnover occurs.
Kerkhoven Housing 309 S 9 th St 320-269-6640	<u>20 - 2 Bedroom</u> 20 Total Units	\$521-\$550 30% of income	1 vacant unit	General occupancy	Rural Development subsidized project constructed in early 1980s. One 12-unit building that is 2-level walkup and two 4-unit buildings that are 1-level. Five tenants receive rent assistance allowing rent based on 30% of income; remainder pay no less than basic or more than market rents listed. Two Vouchers also in use. All tenants without rent assistance do not need it - incomes are sufficiently high to pay basic rent. Many tenants are referred by dairy operations. Some tenants also commute to Willmar. One unit vacant at time of survey due to recent turnover, but no waiting list exists, even for rent assistance units.

Source: Community Partners Research, Inc.

Community Overview: Kerkhoven

The City of Kerkhoven is the third largest city in Swift County, behind Benson and Appleton. Kerkhoven is also located near the eastern border of the County, and is approximately 15 miles northwest of Willmar, the area's regional center. Kerkhoven is approximately 17 miles southeast of Benson.

Kerkhoven has employment opportunities within the community, including a public school. Kerkhoven also benefits from large dairy operations in the surrounding rural areas, and offers housing to workers that are employed outside the city limits.

While there are job opportunities available locally, most Kerkhoven residents do commute for their employment. According to the American Community Survey, fewer than 30% of the City's employed residents traveled nine minutes or less to work in 2013. Most of the City's residents traveled between 20 and 34 minutes to work, which would be consistent with commute times to Willmar or Benson.

Over the past few decades, the City has experienced very limited growth. If the 2013 estimates for the City are compared to the year 1990, the City has added 12 people and 27 households over a 23-year period. More recently, there is some evidence of minor losses, as the State Demographer has lost three households and 15 people between 2010 and 2013.

Over the past 10 years, only three new housing units have been added to the community, and it is possible that some older housing may have been removed. Therefore, any changes in the City's household level are largely a reflection of occupancy patterns in the existing stock.

Over time, Kerkhoven has been shifting toward more rental housing. Although the home ownership rate is still relatively high, at nearly 74%, the City had a net reduction of six owner-occupancy households between 2000 and 2010. During the decade the City added 22 renter-occupancy households. The growth in renters greatly exceeded any rental housing construction, so the increase was due to the occupancy of formerly vacant units, or to tenure conversion, as houses that had once been owner-occupied changed to rental use.

To the extent that the supply of good quality housing units remains stable in the community in the future, it is probable that the City will maintain a relatively stable number of households. Over time, however, it is possible that some housing units will be lost, due to condition, quality or other factors. As a result, a minor reduction of approximately four households is likely to occur between 2010 and 2020. However, it is also possible that some household growth could occur, especially if some new housing is added.

Based on the research completed for this Study, and the limited growth projected, very few recommendations are made for Kerkhoven.

1. Maintain and preserve the existing single family housing stock

Findings: Most of the housing in Kerkhoven exists in single family homes. There are at least five multi-unit rental buildings, and some mobile homes, but fewer than 75 housing units are believed to exist in structures other than single family houses.

Although the City had a net decrease of six home owners between the 2000 Census and the 2010 Census, the home ownership tenure rate in Kerkhoven was still at nearly 74%. The existence of good quality single family houses has helped the City to maintain a stable household count over the past 24 years.

As part of the research for this Study, a visual “windshield” survey was conducted in Kerkhoven. There were 284 single family houses that were viewed and rated. While nearly 87% of the houses were rated in one of the top two condition categories, there were 37 houses that needed substantial repair, including three that may be too deteriorated to feasibly rehabilitate.

It should be noted that Kerkhoven is currently participating in a Small Cities Development Grant (SCDP) program that includes an owner-occupied housing rehabilitation activity. It is therefore possible that some of the houses rated by the condition survey as needing repair may be scheduled for renovation.

Recommendation: Houses that are lost to disrepair are unlikely to be replaced in Kerkhoven, as only three new houses have been constructed in the City over the past 10 years. If the supply of habitable units decreases, it is probable that the City will lose households and population. Maintenance and repair of the City’s older housing will be an important strategy to maintain community stability.

Kerkhoven is currently participating in a grant program that includes a rehabilitation activity. However, with fewer than 10 structures likely to participate, there will continue to be additional houses in need of repair. The household income data reported in this Study indicates that households in the City tend to have relatively moderate income levels, which may assist the community in securing future grant funds.

2. Promote affordable home ownership options as houses become available

Findings: The houses in the City are generally in a very moderate price range. Two sources of information exist on home values. The American Community Survey estimated that the median value for owner-occupied units was approximately \$72,000 in 2013. Although only a limited number of home sales have occurred in Kerkhoven in recent years, over the previous three years the median sale price was approximately \$73,500.

According to the American Community Survey, approximately 65% of the houses in the City were built before the year 1960, and nearly 92% were built before 1990. The age of this single family stock contributes to the affordable prices for most homes.

Recommendation: Kerkhoven represents an attractive location for potential home buyers. Although the home ownership rate has dropped to less than 74%, the City has maintained a relatively high rate of owner-occupancy in recent decades. Kerkhoven has employment opportunities within the community and is within commuting distance of Benson, Willmar and some rural employment opportunities.

Although few houses may come up for sale each year, the very affordable prices for homes in the City make it an option for many Swift County households. Based on the best available information, an existing home in Kerkhoven would typically sell for less than \$80,000, well below the price for a newly constructed house.

The American Community Survey can be used to compare estimated median home values between communities. In 2013, the median value in Kerkhoven was estimated at \$72,000, compared to a median of \$88,100 in Benson, and \$133,000 in Willmar. Located approximately 15 miles from Willmar, Kerkhoven represents a much more affordable community for potential home buyers.

The community should promote the attractive existing housing options and access any available resources that exist to assist with home ownership, including down payment and/or first-time home buyer programs.

3. Demolish and clear substandard structures

Findings: The housing condition survey that was completed as part of the Study found that most single family houses in Kerkhoven are generally in good condition. Overall, nearly 87% of the houses were rated as sound, showing no exterior deficiencies, or needing only minor repair.

However, there were 34 houses that were rated as needing major repair. These houses may or may not be economically feasible to rehabilitate. There were also three houses rated in the lowest condition category. These dilapidated houses are probably too deteriorated to repair, and may be suitable for demolition.

There have probably been some substandard houses that have been removed from the community over time, although demolition records were not obtained.

Recommendation: Ongoing efforts to clear severely substandard structures are encouraged. This will help to enhance the appearance and appeal of the community as a residential location.

In 2014, the City was participating in a commercial rehabilitation program that was addressing renovation needs in the downtown area. Continued efforts to address severely substandard residential properties would compliment this community improvement effort.

4. Promote rental housing rehabilitation

Findings: Kerkhoven has the third largest inventory of rental housing in Swift County, trailing only Benson and Appleton for the total number of rental units. Over the last decade the City added 22 renter-occupancy households, despite adding only four rental units through new construction. Demand for rental housing has exceeded demand for home ownership in the community.

There are at least five multi-unit rental buildings in Kerkhoven, with a combined 48 units. Between 40 and 45 rental units are in single family structures, including houses and mobile homes. Although specific details about rental housing are limited, the best available information indicates that the single family rental units are primarily houses that were constructed prior to 1940.

According to the American Community Survey, rental rates in the City are generally in a moderate range, with most units having a gross rent between \$450 and \$600 per month, including tenant-paid utilities. This moderate rent structure would reflect single family home rentals, where all of the utility costs are typically paid by the tenant.

Recommendation: Rental units in multi-unit properties in Kerkhoven are either in newer buildings, such as the EDA four-plex, or in federally subsidized projects. These multifamily buildings are generally assumed to be in good condition. However, nearly half of the City's rental inventory exists in single family structures, primarily constructed before 1940. These units are probably in various states of repair, but based on the moderate rent structure, it is assumed that many of the single family units could benefit from rehabilitation.

When possible, "spot" rehabilitation would be encouraged to maintain the condition and quality of rental houses, helping to assure that renter households have access to decent, safe and sanitary housing. If left to deteriorate, older housing may eventually be removed from Kerkhoven, resulting in a loss of households and population.

In 2014, Kerkhoven was participating in an SCDP grant program that included a rehabilitation activity, although this was primarily oriented to owner-occupied housing and commercial buildings. A limited amount of money may have been available for rental rehab.

5. Promote the development of additional rental housing

Findings: In the early 2000s, the Kerkhoven EDA constructed four rental housing units. The project is town house-style, with each unit having two bedrooms, one bathroom and a one-car attached garage. While the units are publicly-owned, they operate as market rate housing. They are listed for sale by the EDA.

Based on available information, the units in Kerkhoven have been successful. According to the manager, they are typically at full occupancy, and appeal to a range of tenants, including younger households and retirees. Turnover in these units tends to be very limited.

The Kerkhoven units are similar in style to rental units constructed by the Swift County HRA in Benson, Appleton and Murdock, but have a lower rent structure. The two-bedroom contract rents in Kerkhoven were at \$490 per month compared to \$589 for a similar unit in Murdock, or \$657 in Benson. The quality and amenities in the EDA units have made them popular with area renters.

Although the household projections used for this Study would not expect any significant household growth in Kerkhoven through the remainder of this decade, there is evidence of growing demand for rental housing, as the City added 22 renter-occupancy households in the previous decade. There will also be continued growth among one of the primary target groups, households age 65 and older. Countywide, the number of households age 65 and older should increase by nearly 10% between 2010 and 2020.

Recommendation: Given the success of the EDA's previous project, and continued demand for rental housing, it would be appropriate to promote the development of between 10 and 15 additional rental units in Kerkhoven by the year 2020. Approximately half of these could be targeted at the moderate to higher rent segment of the market, with between four and eight units recommended, in a style similar to the EDA town house units.

The four units constructed by the EDA have proven to be very successful, and demonstrate market acceptance for this type of rental housing in the community. In addition to serving area seniors, these units have also been popular with working-age tenants, and could serve area teachers, and workers employed in area dairy operations.

One of the primary challenges to constructing new units will be the probable price disparity between the EDA project that already exists and the costs associated with new construction. In the EDA four-plex, two-bedroom/one-bathroom units with approximately 1,153 square feet of living space and an attached garage, with a gross monthly rent of \$650 to \$700 per month. The estimated rent per square foot for these units is approximately \$0.56 to \$0.61, a price that probably cannot be replicated in future projects.

The analysts are aware of some units that are being constructed in other cities that could serve as a model for future construction in Kerkhoven. Other communities in western and northern Minnesota have had recent success with new construction of patio homes, with a two-car attached garage. Gross rents are below \$850 for a two-bedroom unit with one bathroom and approximately 800 square feet.

The gross rents being achieved in these patio home projects are significantly higher than the current units in Kerkhoven, and the floor plans are substantially smaller. For two-bedroom rentals, the difference may be as much as 350 square feet, when compared to the options in the EDA four-plex. One compensating factor could be the presence of a second garage stall. However, any new units will generally not be price-competitive with the current EDA project.

6. Consider mobile home improvement programs

Findings: Kerkhoven has an estimated 22 mobile homes, representing approximately 7% of the single family housing stock. While this is not an overly large percentage of the available housing, the City has more mobile homes than most of the other small cities in the County.

The visual condition survey found varying degrees of unit quality. While some units were in good condition, more than 50% of the mobile homes were older, deteriorated units. Renovating older mobile homes is often not cost-effective, given the low value of the structure compared to the costs necessary to bring it into standard condition.

Recommendation: Addressing the issues created by substandard mobile homes is not easily solved. Some communities have attempted to rehabilitate older units, if it is cost-effective.

Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially when there are a number of homes in poor condition.

It may be appropriate for the community to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year.